FOR MYSORE STATE

DEVELOPMENT (195 3) Department.

Ms. SERIES.

G.O. No. 1769

Dated 16-4-1953

[Despatch Abstract.]

TEXTILES - Handloom Industry - Distress among Handloom Weavers - Revision of yarn quotas between Mills and Handlooms - Representation from certain members of the Madras Legislature.

Memorandum by Members of the Madras Legislature, to the Hon'ble the Chief Minister, Government of Madras, Madras dated 8th May 1952.

Sir,

It is a fact known to you, that over 15 millions of people in the Country are today depending upon Handloom weaving industry, which is next to agriculture in importance.

In the state of Madras alone there are more than 7 lakhs of handlooms providing employment to over 30 lakhs of people. But it has so happened that both the Union and State Governments, though pledged to support and protect the cottage industries in the Country, have miserably failed in protecting the handloom industry from the day-by-day increasing competition of the Textile mill industry with the result, the sufferings of the handloom weavers have to day grown into infinitude for want of employment with a living wage.

The Handloom weavers of this state represented many a time to both the Union and the State Governments that their grievances should immediately be redressed by making, adequate quantities of yarn in required counts at reasonable prices, available to the Handloom industry and by adopting suitable measures to avoid the crushing competition of the textile mill industry.

It is only in this connection that several thousands of handloom weavers had even to sacrifice their personal liberty and court imprisonment last year. Ministers have no doubt made pronouncements now and then that they have all the sympathies for the handloom weavers and for their cause. But their pronouncements have not so far been materialised and nothing practically was done to improve the deteriorating condition of the handloom industry and that of the handloom weavers.

Now huge stocks of handloom cloth accumulated in about 1000 weavers', cooperative Societies and with others engaged in the industry consequently throwing several lakhs of handloom weavers out of employment.

The main reasons for the slump of handloom cloth in the market is, that the prices of yarn made available to the handloom industry are very high. Though the prices of cotton both Indian and foreign have been gradually declining since the 1st week of March 1952, the Union Government, instead of reducing the prices or yarn at least in proportion to the fall in prices of cotton, have been trying to maintain the present high level of yarn prices to the detriment of the handloom industry and of the 15 million people engaged in it.

The recent decision of the Union Government reducing the prices of coarse and medium varieties of cloth, without making at least the corresponding reduction in the prices of course and medium counts of yarn has hit hard the handloom industry.

We therefore request the Union and State Governments, that the following measures be adopted immediately to afford relief to the suffering masses of handloom weavers and to protect the handloom industry from the competition of the Textile mill industry.

1) The present system of meeting first the yarn requirements of the composite and the weaving mills and treating as a last charge the requirements of the handloom industry, should be revised and the total output of yarn in the country should be distributed strictly in proportion to the estimated requirements of the various consumers of yarn including the composite and the weaving mills.

p.t.o.

g) The prices of all counts of yarn should be immediately reduced in proportion to the fall in prices of cotton, to enable the handloom industry to thrive against the competition of the textile mill industry and supply of adequate quantities of yarn in required counts should be guaranteed to the handloom industry.

3) While the composite cotton mills obtain their requirements of yarn at cost of production, the weaving mills purchase their requirements of yarn at ex-mill prices but the handloom industry is required to obtain its requirements of yarn after the following charges are added on to the cost price of yarn.

a) Profits allowed to the spinning mill in fixing the ex-mill rate of yarn.

b) Transport and rewinding charges.

c) Profits allowed to the middlemen (traders) in yarn trade.

d) Taxes being levied on yarn by State Governments.

To see that yarn at reasonable price is also made available to the handloom weaver to withstand the competition of the Textile mill industry which is able to secure its requirements of yarn sufficiently at reduced rates, an excise duty should be levied on yarn being consumed by the composite and the weaving mills and the proceeds of the excise thus collected should be utilised to subsidise the prices of yarn being made available to the handloom industry. This suggestion, we may like to point out, has been endorsed by the Congress Planning Commission.

4. The varieties of cloth already reserved exclusively for production of handlooms did not afforddany material benefit to the handloom industry. This has been pointed out by the Madras Handloom Committee appointed by the Government of Madras. They wanted that cloth between the widths of 40 to 48 inches shall, be reserved exclusively for production on handlooms when only the handloom industry gets an adequate protection against the competetion of the textile mill industry. The congress planning commission also recommended that certain more fields of production of cloth should be reserved exclusively for handlooms, such reservation covering not less than 2/3s of the total production of handlooms.

We suggest that 'SAREE' production should be reserved exclusively for handlooms to provide adequate protection to the industry.

5) The Union and State Governments might purchase a major portion of their requirements of textile goods from the handloom products and for this purpose the specifications of certain varieties of cloth should be revised to enable handloom weavers to earn a living wage by producting them on handlooms.

6) The Union and State Governments should appoint official agencies to explore the possibilities of finding market in foreign countries for certain varieties of handloom cloth produced in the country.

pt.o..

7) There is the need to organise the handloom industry and for this purpose it should be the aim of the Governments that all handloom weavers should be brought into cooperative fold during a period of 5 to 10 years. So, we suggest that the State Government should place at least Rs.25,000/- at the disposal of the Deputy Registrars of Co-operative Societies in each district allowing them to give interest free loans of Rs.25/- each to handloom weavers willing to join the existing weavers co-operative societies or to be newly formed. The interest-free loan of Rs.25/- will be repaid by the weaver in twelve monthly instalments. The repayments also shall be [illegible] loans of [illegible]

8. The handloom cloth and yarn should be exempted from the levy of sales tax and the collection of turn-over licence fees should be stopped by the State Government.

Both the Union and State Governments should once again reaffirm their faith in the handloom industry and assure its future existance. We accordingly request you for such a dfr declaration of policy and its effective implementation without delay. The reply may be communicated to the address given below.

[redacted]
Secretary,
The Madras Provincial Handloom Weavers
Congress, Midukuru,
(Guntur District)

/true copy/

GOVERNMENT OF MADRAS.
Development Department.
...

Endorsement No. 84134 MII/52-1 dated 19.5.52.
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Referred to the Director of Controlled Commodities for early remarks in consultation with the Registrar of Co-operative Societies.

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19.5.52.

To the Director of Controlled Commodities.
Copy to the Registrar of Co-operative Societies.

/true copy/

GOVERNMENT OF MADRAS.
Development Department.

Letter No.54134 MII/52-4

From
SRI J.M. LOBO PRABHU, I.C.S.,
Secretary to Government.

To
The Secretary to the Government of India,
Ministry of Commerce and Industry, New Delhi.

Dated the 22nd July 52, George, the 23rd September '52.

Sir,

Sub: TEXTILES - Yarn - Equitable distribution between the weaving mills and the handloom weavers - Amendment of the Control Orders.

Ref: Your telegram No.37(165) CT(A)/52 dated 18.7.52.
This Department telegram No.54134 MII/52-3, dated 19.7.52.

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I am directed to refer to the Memorandum presented by 48 members of the Legislature regarding the improvement of the conditions of the handloom industry a copy of which was forwarded to your with the post copy of this Dept. telegram No.54134 MII/52-3 dated 19.7.52. One of the most important recommendations contained in that Memorandum, is that the present system of meeting the yarn requirements of the composite and weaving mills first and treating as a last charge the requirements of the handloom industry should be revised and that the total output of yarn in the country should be distributed strictly in proportion to the estimated requirements of the various consumers of yarn including the composite and the weaving mills. This suggestion has been stressed by several speakers including Sri Pragada Kotiah, M.L.A., who is the General Secretary of the Madras Provincial Handloom Weavers Congress, during the debates on the budget in the Madras Legislative Assembly. This Government have carefully considered the suggestion. They have examined whether the adoption of this suggestion might not affect the fundamental rights of the proprietors of composite mills under articles 19(1)(f) and (g) of the Constitution. They are advised that even under clause 12 of the Cotton Textiles (Control) Order, 1948, the rights of these proprietors are curtailed, such curtailment being justified under clauses (5) and (6) of Article 19, and that the additional restrictions that may have to be imposed on the proprietors of the composite mills to give effect to the above suggestion of the members of the Madras Legislature could also be justified under clauses (5) and (6) of Article 19 of the Constitution, on the grounds of social and economic polity or on the grounds of "common good" e.g. for securing the ends referred to in clauses (b) and (c) of Article 39 of the Constitution. Therefore there can be no legal objection to amending the Cotton Textiles (Control) Order, 1948, with a view to giving effect to the suggestion mentioned above. This Government however do not feel justified in supporting the suggestion to the full extent. Handlooms are working only for about 10 days and their estimated requirements would be about three times the yarn now allocated.

p.t.o.

It may be difficult to justify a very large increased on the basis of "common good" and it may be necessary that the future allocation should be related to what had been the relative consumption in the past. The present control order limits the yarn to be surrendered to the All-India pool by composite mills, to the average quantity of yarn sold by them during the two years 1949 and 1950. Since that time, number of handlooms has increased as also the spinning capacity of various mills. The limit set by the present control order in regard to the quantity of yarn to be surrendered by composite mills to the pool, is therefore considered to be arbitrary and this Government feel fully justified in asking the Government of India to amend the Control Order to the extend of giving the T.C., Bombay, discretion to allocate to handlooms a quantity of yarn related to the present capacity of the spinning and composite mills and not to their capacity in 1949-50. If the Government of India agree to this Government's proposal to reserve all bordered dhoties and coloured sarees for exclusive production on handlooms, the quantity of yarn required by the handloom industry will be very much in excess of that fixed with reference to the actuals of 1949-50.

I am therefore to request that the Government of India may amend the Cotton Textiles (Control) Order, 1948, at an early date on the lines suggested above, so as to ensure a more equitable supply of the available yarn to handloom weavers. I am also to request that the decision of the Government of India, in the matter may be communicated to me at an early date.

Yours faithfully,

J.M. LOBO PRABHU,
Secretary to Government.

Copy to the Textile Commissioner, Bombay.
Copy to the Director of Controlled Commodities.
Copy to the Registrar of Co-operative Societies.
Copy to Sri Tekar Subramaniam,
Convener of Madras State H.P.S.
Gandhi Nagar, Bellary.

/true copy/

Superintendent.

Typed R. Jayalakshmi. 12.11.53.

Note file

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DEV. (HIL) DEPT.

To A.S.

The notes from p. 3 above may be perused. With reference to 'M' on p. 3 above, the Legal Dept. are of the opinion that there is no legal objection to amending the Cotton Textiles (Control) Order with a view to giving effect to the first suggestion of the legislators mentioned at 'A' on p. 3 c.f. Orders may be taken in circulation as to whether this suggestion will be accepted by this Govt. and the Govt. of India requested to amend the Cotton Textile (Control) Order suitably for the purpose. As this involves an important question of policy, the case may perhaps be circulated to C.M. also for orders.

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20.8.52.

As there is no legal objection to the proposal of amending the Cotton Textile (Control) Order suitably for the benefit of the handloom weavers and weaving mills and for the common good of people - Consumers - Govt. of India may be addressed in the matter.

B. Jeegappa,
8.9.52.

The question is whether we should recommend to the Govt. of India to amend the Cotton Textiles (Control) Order, 1948, to make more yarn available to all consumers strictly in proportion to their estimated requirements. At present, under the Control Order, the quantity of yarn to be surrendered for handlooms is limited to the average quantity of yarn sold by each producer with a spinning plant during the years 1949-50. It is argued that handlooms should get more. The Legal Dept. considers that as such distribution will be for the "common good", orders by the Govt. would be constitutional. The questions for consideration are:

p.t.o.

(1) Whether this Govt. will be justified in supporting the proposal that the distribution should be strictly in proportion to the estimated requirements. Since handlooms are working only for about 10 days in the month, the estimated requirements would be three times the yarn now allocation. As may be difficult to justify a very large increase on the basis of "common good". The courts are likely to hold that the allocation should be related to what the relative consumption has been in the past. In the circumstances, it may not be wise for us to support the reservation fully.

(2) Whether we should ask for amendment of the Central Order to enable the Textile Commissioner to exceed the limits now fixed on the basis of the years 1949-50. Since that time, the number of handlooms have increased as also the spinning capacity of various mills. We have found that in recommending an increase of allocation of ~~kxxxxxxxxxxxxxxx~~ yarn, as also in recommendation installation of looms, the Textile Commissioner has referred to the limits fixed by the Central Order. It would appear that these limits are arbitrary and we will be fully justified in asking the Govt. of India to amend the Central Order to the extent of giving the Textile Commissioner discretion to allocate to handlooms a quantity of yarn related to the present capacity of the spinning mills and not to the capacity in 1949-50. In fact, if the Govt. of India agrees to our proposal to reserve bordered dhoties and coloured sarees to handlooms, the quantity of yarn required will be very much in excess of that fixed with reference to the actuals of 1949-50.

It is therefore suggested that the Government of India may be asked to amend the Cotton Textiles (Control) Order, 1948.

J.M. Lobo Prabhu,
9.9.52.

M. (I & L) U. Krishna Rao. 10.9.52.

M. C.M. C. Rajagopalachari,
12.9.52.

P.T.O.

A draft letter to the Govt. of India is submitted below for approval. For orders whether a copy of this draft may also be sent to the Convener of Madras M.Ps.

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22.9.52

J.M.L.P.
23.9.52

[Issued as letter No. 54134 MII/52-6 dated 23.9.52]
[From the Govt. of India, letter No.37(168)-CT(A)/52 dated 26.12.52]
[From the R.C.S., letter No.R.C. 154603/52-K.2 dated 26.2.53]
[From the D.C.C., letter No.L.Dis. 8812/53/D7 dated 26.3.53]

To A.S.

The letter from the Govt. of India at pp.31-33 c.f. and the remarks of the R.C.S. and the D.C.C. at pp.39-40 and 45 c.f. may kindly be perused.

This Govt., in their letter at pp.23-25 c.f, requested the Govt. of India to amend the Cotton Textiles (Control) Order, 1948, suitably giving discretion to the T.C., Bombay, to allocate to handlooms a quantity of yarn related to the present capacity of the spinning and composite mills and not to their capacity in 1949-50 in order to ensure a larger allocation to handlooms on account of the increase in their number. The Govt. of India declined to accept the above suggestion on the ground that the State Nominees were rejecting a considerable proportion of even the reduced quantity of yarn that had been offered to them. They, however, promised to review the position as soon as the census figures of handlooms in accordance with the registration of such looms were received from all the States. The R.C.S. reports that he has examined the reply of the Govt. of India in my consultation with the Business Manager of the Madras State Handloom Weavers' Coop. Society and suggests that the proposal referred to at 'A' above may be deferred for the present in view of the present easy supply position of yarn and the inability of the handloom industry to lift the quantities of yarn offered to it.

'A'

p.t.o.

He has however, offered certain suggestions - vide 'M' on pp.39-40 c.f. with a view to ensuring increased supplies of yarn to handlooms and to stabilise yarn prices at a reasonable level. The D.C.C. reports that as a result of the slump in the market for handloom ~~shirting~~ cloth, there is not as great a demand for yarn as there used to be in normal times, that at present a total supply of about 19,000 bales of controlled and "free sale" yarn is available every month, and that this is more than sufficient to meet the entire current requirements of the weavers. He also reports that the present problem of weavers is, one of under employment rather than of full unemployment and that what we should work for is towards improving the designs and quality of handloom cloth, reducing its price in relation to that of similar cloth produced by composite mills through subsidies and other means and expanding the market for handloom cloth. He therefore supports the recommendation of the Registrar that the proposal of this Govt. at 'A' on p. 11 above may be deferred for the present. The Govt. may perhaps agree with their recommendation and drop the proposal for the present. For orders.

T.V.K.
5.4.53
S.A.

As-regards to the other recommendations of the Registrar at 'M' on pp.39-40 c.f. the D.C.C. reports that these recommendations are in his opinion unnecessary. The Govt. may perhaps agree with the D.C.C.'s view in view of the exhaustive investigation of Textile Industry, now conducted by the Textile Enquiry Committee. No action therefore seems called for on these recommendations. For orders.

M. (I & L) may see.

No further action in this file seems necessary.

T.V.K.
4.4.53

S.A.
6.4.53

J.M.Lobo Prabhu,
7.4.53

M (I & L) U. Krishna Rao,
9.4.53

p.t.o.

The papers may now be recorded for future reference.

T.K.K.
16.4.53

G.O.Ms. No.1749 dated 16.4.53

Sub: Textiles - Handloom Industry - Distress among handloom Weavers - Revision of yarn quotas between Mills and Handlooms - Representation from certain Members of the Madras Legislature.

/true copy/

Superintendent.

Typed by R. Jayalakshmi. 13.11.53.

Examined by D. Gandaraguda
Checked by S.R. Cochi.
14.4.4